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UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

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 FEDERAL TRADE COMMISSION, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 TOWER CLEANING SYSTEMS, INC., )  
 a corporation, and )  
 )  
 DAVID A. GANSKY, individually and as an )  
 officer and director of the corporation, )  
 )  
 Defendants. )  
 \_\_\_\_\_ )

Civil Action No. 96-5844

~~FD  
 001 1996  
 MICHAEL E. ANNE  
 By \_\_\_\_\_~~

CONSENT DECREE

Plaintiff, the Federal Trade Commission ("FTC" or "the Commission"), has commenced this action by filing the Complaint herein; defendants Tower Cleaning Systems, Inc. ("Tower") and David A. Gansky ("Gansky") have waived service of the Summons and Complaint; the Commission and defendant Tower have been represented by the attorneys whose names appear hereafter; and the Commission and the defendants have agreed to settlement of this action upon

the following terms and conditions, without adjudication of any issues of fact or law and without defendants admitting liability for any of the matters alleged in the Complaint;

THEREFORE, on the joint motion of plaintiff and defendants, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

### **FINDINGS**

1. This Court has jurisdiction of the subject matter of this case and of the parties consenting hereto.
2. The Complaint states a claim upon which relief may be granted under Sections 5(a)(1), 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a)(1), 53(b) and 57b.
3. Entry of the Consent Order is in the public interest.
4. Defendants waive all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, and all rights to seek appellate review or otherwise challenge or contest the validity of this Consent Order.

### **DEFINITIONS**

For the purpose of this Consent Decree, the following definitions shall apply:

1. "Consent Decree Defendants" is defined as Defendants Tower Cleaning Systems, Inc., a corporation, its successors and assigns, and David A. Gansky, individually and as an officer and director of said corporation.
2. "Franchise Rule" is defined as the Commission's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," 16 C.F.R. Part 436, as currently promulgated or as it may hereafter be amended.

3. "Franchise" is defined in Section 436.2(a) of the Franchise Rule, 16 C.F.R. § 436.2(a).

4. "Franchise broker" is defined in Section 436.2(j) of the Franchise Rule, 16 C.F.R. § 436.2(j). For purposes of this Consent Decree, the term "franchise broker" shall also encompass any other entity through which the franchisor sells franchises, including, but not limited to, sub-franchisors, master franchisees, or regional franchisees.

5. "UFOC" is defined as the Uniform Franchise Offering Circular format, adopted by the Midwest Securities Commissioners' Association on September 2, 1975, and approved by the Commission on December 21, 1978 (43 Fed. Reg. 58722), as revised by the North American Securities Administrators Association ("NASAA"), and approved by the Commission on June 15, 1987 (52 Fed. Reg. 22686), and as further revised by NASAA on April 25, 1993, and approved by the Commission on December 30, 1993 (58 Fed. Reg. 69224), as currently promulgated or as it may hereafter be amended.

## **ORDER**

### **I. CONSUMER REDRESS**

A. The Consent Decree Defendants shall pay consumer redress in the amount of \$50,000 pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b.

B. Payment of this redress amount shall be made as follows: \$40,000 shall be paid within ten (10) days of date of entry of this Consent Decree, and \$10,000 shall be paid within six (6) months of date of entry of this Consent Decree. These payments shall be made by certified or cashier's checks made payable to the Federal Trade Commission and delivered to

Eileen Harrington, Associate Director of Marketing Practices, Federal Trade Commission, 6th Street and Pennsylvania Avenue, N.W., Room 238, Washington, DC 20580.

C. As security for the payment of the amounts set forth above, Defendant Tower has provided to the Commission security interests as set forth in the Security Agreement attached hereto as Appendix B and incorporated herein as if fully set forth verbatim.

D. In the event of any default in payment, which default continues for ten (10) days beyond the due date of payment, the entire unpaid amount, together with interest, as computed pursuant to 28 U.S.C. § 1961, from the date of default to the date of payment, shall immediately become due and payable.

E. These funds shall be used to provide redress to consumers and others injured by alleged violations of the Franchise Rule and Section 5 of the FTC Act by the consent decree defendants, and to pay any attendant expenses of administration. If the Commission determines, in its sole discretion, that redress is wholly or partially impracticable, any funds not so used shall be paid into the United States Treasury. The Consent Decree Defendants shall be notified as to how funds are disbursed, but shall have no right to contest the manner of distribution chosen by the Commission.

F. Defendant Gansky shall, within five (5) business days after the date of entry of this Consent Decree, submit to the Commission a truthful sworn statement in the form shown in Appendix A to this Consent Decree, that shall reaffirm and attest to the truthfulness, accuracy and completeness of the financial statements that the Consent Decree Defendants executed on or about October 1995. The Commission's agreement to, and the Court's approval of, this Consent Decree are expressly premised upon the truthfulness, accuracy and completeness of these

financial statements. If, upon motion by the Commission, this Court finds that the Consent Decree Defendants failed to file the sworn statement required by this Paragraph, or filed financial statements that failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation in or material omission from the financial statements, the Commission may request that this proceeding be reopened for the purpose of requiring restitution from the Consent Decree Defendants; provided, however, that in all other respects this Consent Decree shall remain in full force and effect unless otherwise ordered by this Court; and provided further, that proceedings instituted under this provision are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings the Commission may initiate to enforce this Consent Decree. In any such enforcement proceeding regarding violations of this Paragraph, the Consent Decree Defendants waive any right to contest any of the allegations of the Complaint filed in this matter.

## **II. INJUNCTION**

The Consent Decree Defendants, their officers, agents, servants, attorneys, franchise brokers, employees, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, whether acting directly or through any business entity, corporation, subsidiary, division or other device, in connection with the advertising, promotion, offering for sale, or sale of any franchise, in or affecting commerce, are hereby permanently restrained and enjoined from:

A. Making, or assisting in making, expressly or by implication, orally or in writing, any statement or representation of material fact that misrepresents any past, present or future sales volume, income, or gross or net profits of any existing or prospective franchisee or group of

franchisees, including but not limited to any misrepresentation by the defendants concerning the level of projected gross revenues offered to prospective franchisees;

B. Violating, or assisting others to violate, any provision of the Franchise Rule, including, but not limited to:

1. Failing to provide prospective franchisees with a basic disclosure document containing the information required either under Sections 436.1(a)(1)-(20) of the Franchise Rule, or under the UFOC format of disclosure, in the manner and within the times required by the Franchise Rule;
2. Failing to provide a complete and accurate disclosure of all franchise terminations, reacquisitions, non-renewals and cancellations, pursuant to Section 436.1(a)(16) of the Franchise Rule or the alternative requirements of Item XX of the UFOC;
3. Failing to provide any prospective franchisee, in the manner and within the times stated in the Franchise Rule, with an earnings claim document or other disclosures as described in Sections 436.1(b)-(e) of the Franchise Rule or the alternative requirements of Item XIX of the UFOC, whenever a written or oral statement is made concerning the actual or potential sales, income, gross or net profit of any existing or prospective franchise or franchisee, and failing to have a reasonable basis for such claims at the time they were made; and

4. Failing to return any funds or deposits in accordance with contract provisions disclosed in the basic disclosure document, pursuant to Section 436.1(h) of the Franchise Rule.

### **III. SERVICE OF ORDER**

The Consent Decree Defendants shall: (1) within thirty (30) days of the date of entry of this Consent Decree, provide a copy of this Consent Decree and the Franchise Rule to each current officer, agent, principal, employee, representative, or other person engaged in the marketing or sale of franchises on behalf of any company or other business entity owned, managed, or controlled by the Consent Decree Defendants; (2) for a period of five (5) years after the date of entry of this Consent Decree, deliver a copy of this Decree and the Franchise Rule to all such new officers, agents, principals, employees, representatives or other persons who will engage in the marketing or sale of franchises on behalf of any company or other business entity owned, managed or controlled by the Consent Decree Defendants; and (3) obtain from each such person a signed statement acknowledging receipt of a copy of this Consent Decree.

### **IV. COMPLIANCE**

A. For a period of five (5) years from the date of entry of this Consent Decree, the Consent Decree Defendants shall maintain and make available to the Federal Trade Commission, within seven (7) days of the date of receipt of a written request, business records demonstrating compliance with the terms and provisions of this Consent Decree.

B. Subject to the reasonable convenience of the Consent Decree Defendants, and without restraint or interference from them, the Consent Decree Defendants shall permit representatives of the Federal Trade Commission, within seven (7) days of the date of receipt of a

written notice, to interview, at a location reasonably convenient to the Consent Decree Defendants and representatives of the Commission, the officers and employees of any business organization that is owned, managed or controlled in whole or in part by the Consent Decree Defendants, relating to any matters covered by this Consent Decree. The officers and employees of said business organization may have counsel present during the interview by the Commission.

#### **V. REPORTING REQUIREMENTS**

A. The Consent Decree Defendants shall, within sixty (60) days after the date of entry of this Consent Decree, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this Consent Decree.

B. For a period of five (5) years after the date of entry of this Consent Decree, the Consent Decree Defendants shall notify the Commission at least thirty (30) days prior to any material change in Defendant Tower's business, including, but not limited to, merger, incorporation, dissolution, assignment, sale resulting in the emergence of a successor corporation, the creation or dissolution of a subsidiary or parent, or any other change that may affect Defendant Tower's obligations under this Consent Decree. In the event that a successor emerges, assignment occurs or a subsidiary is created, such notice shall include, but is not limited to, evidence that: (1) the Consent Decree Defendants have informed any proposed successor, assign or subsidiary that this Consent Decree is binding upon such successors, assigns and subsidiaries; and (2) the Consent Decree Defendants have delivered a copy of this Consent Decree to such proposed successors, assigns or subsidiaries.

C. For a period of five (5) years after the date of entry of this Consent Decree, Defendant Gansky shall notify the Commission within thirty (30) days of the discontinuance of

his present business or employment and/or of his affiliation with any new business or employment engaged in the advertising, promotion, offering for sale or sale of any franchise. Each such notice shall include Defendant Gansky's new business address and telephone number, current home address, and a statement describing the nature of the business or employment and Defendant Gansky's duties and responsibilities therein.

D. All notices required of the Consent Decree Defendants by this Consent Decree shall be made to the following address, or such other address as the plaintiff shall designate:

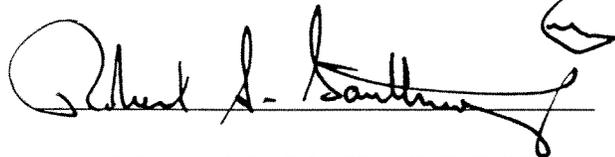
Associate Director  
Division of Marketing Practices  
Federal Trade Commission  
Washington, D.C. 20580

#### **VI. CONTINUING JURISDICTION**

This Court shall retain jurisdiction of this matter for the purpose of enabling any of the parties to this Consent Decree to apply to the Court at any time for such further orders and directives as may be necessary or appropriate for the interpretation or modification of the Consent Decree, for the enforcement of compliance therewith, or for the punishment of violations thereof.

JUDGMENT IS THEREFORE ENTERED in favor of plaintiff and against Defendants pursuant to all the terms and conditions recited above.

SO ORDERED this 2<sup>nd</sup> day of October, 1996.



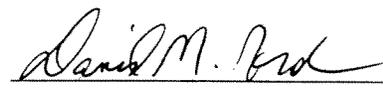
UNITED STATES DISTRICT JUDGE

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Decree as set forth above and consent to the entry thereof. Each party shall bear its own costs and attorneys' fees. Defendants waive any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412.

**FOR THE COMMISSION:**

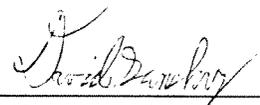
  
\_\_\_\_\_  
EILEEN HARRINGTON  
Associate Director  
Division of Marketing Practices

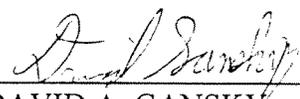
  
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ALLEN HILE  
Assistant Director  
Division of Marketing Practices

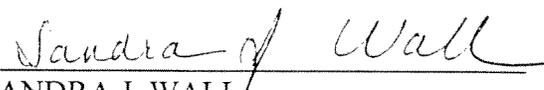
  
\_\_\_\_\_  
DAVID M. TOROK  
Attorney  
Division of Marketing Practices  
Federal Trade Commission  
Washington, D.C. 20580  
(202) 326-3075

**FOR THE DEFENDANTS:**

TOWER CLEANING SYSTEMS, INC.

By:   
\_\_\_\_\_  
David A. Gansky, President  
Tower Cleaning Systems  
Bay Colony Executive Park  
565 East Swedesford Rd., Suite 103  
Wayne, Pennsylvania 19087  
(215) 293-2000

  
\_\_\_\_\_  
DAVID A. GANSKY  
Individually and as an officer of  
Tower Cleaning Systems, Inc.

  
\_\_\_\_\_  
SANDRA J. WALL  
Rudnick & Wolfe  
203 North La Salle Street, Suite 1800  
Chicago, Illinois 60601-1293  
(312) 368-4000  
Counsel for defendants Tower and Gansky

UNITED STATES DISTRICT COURT FOR THE  
MIDDLE DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No.
	)	
TOWER CLEANING SYSTEMS, INC.,	)	
a corporation, and	)	
	)	
DAVID A. GANSKY, individually and as an	)	
officer and director of the corporation,	)	
	)	
Defendants.	)	

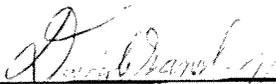
CONSENT DECREE  
APPENDIX A

DECLARATION OF DAVID A. GANSKY

I, David A. Gansky, hereby state that the information contained in my personal financial statement, and the financial statement of Tower Cleaning Systems, Inc., executed and provided to the Federal Trade Commission on or about October 1995, was true, accurate and complete at that time and remains true, accurate and complete at the present time.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 10/14th, 1996

  
\_\_\_\_\_  
David A. Gansky

## APPENDIX B

### SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is made as of this 14<sup>th</sup> day of August, 1996, by and between TOWER CLEANING SYSTEMS, INC., a Pennsylvania corporation, ("Tower") and the FEDERAL TRADE COMMISSION ("the Commission").

WHEREAS, the parties hereto are parties to a certain action under Sections 13(b) and 19 of the Federal Trade Commission Act, 15 U. S. C. §§ 53 (b) and 57b, to be filed in the United States District Court for the Middle District of Pennsylvania; and

WHEREAS, the parties hereto have agreed to the entry of a Consent Decree as settlement of that action; and

WHEREAS, Tower has agreed to make certain payments to the Commission pursuant to that Consent Decree; and

WHEREAS, the Consent Decree requires in Section I.C that Tower shall provide to the Commission security interests as further security for the payment of amounts set forth in Section I.B of the Consent Decree, and it is the purpose of this Security Agreement to further secure such payments.

NOW, THEREFORE, as security for the payments to be made by Tower pursuant to the Consent Decree, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the following continuing security interests are hereby granted to the Commission:

Tower by these presents does hereby grant, transfer, convey, confirm, mortgage and set over unto the Commission and its successors and assigns a security interest in all of Tower's inventory, chattel paper, accounts, contract rights and general intangibles, whether owned now or acquired later, all accessions, additions, replacements and substitutions, all records of any kind relating to the foregoing, and all proceeds (including insurance, general intangibles and accounts proceeds).

TO HAVE AND TO HOLD all and singular collateral unto the Commission, and its successors and assigns, to its and their sole use forever for the uses and purposes herein set forth.

It is hereby understood and agreed as follows:

1. The respective owners of the collateral described above ("Collateral") may retain possession of the Collateral, and at their respective expense keep and use the same in a manner consistent with this agreement, with applicable law and with any policy of insurance related thereto until default shall occur in the payment of the indebtedness secured thereby or other Event of Default (as defined in paragraph 9) shall occur hereunder.

2. Tower represents and warrants and so long as the indebtedness remains unpaid shall be deemed continuously to represent and warrant that: (a) each item constituting collateral is genuine and in all respects what it purports to be; (b) Tower is the owner of the collateral free of all security interests or other encumbrances except for the security interest created by this Security Agreement and by a security agreement with United Valley Bank, Philadelphia, Pennsylvania, created pursuant to loan number 4715/100; and (c) Tower is authorized to enter into this Security Agreement.

3. So long as this Agreement has not been terminated, Tower will: (a) keep the Collateral free from all security interests, adverse liens or other encumbrances except the Security Interests described in paragraph 2; (b) will not assign, sell, lease, mortgage, encumber, transfer, deliver or otherwise dispose of the Collateral or any interest therein or attempt to do the same without the prior written consent of the Commission; and (c) will not use the Collateral in violation of any statute or ordinance. Tower agrees that they will not remove or suffer or permit the removal of the Collateral from current premises, except such property as shall be renewed or replaced except with the prior written consent of the Commission.

4. So long as any part of the payments hereby secured shall remain unpaid and the Collateral remains subject to this Security Agreement, the respective owners of the Collateral will pay all taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral or any part thereof, or for its use or operation, or upon this Security Agreement, before the same become delinquent, and on demand will promptly furnish the Commission with receipts showing such payment; and the respective owners will not permit the Collateral, or any part thereof, to be levied upon or sold for any tax or assessment whatsoever, nor will they permit to be done to, in, upon or about the Collateral, anything that may in anyway impair the value thereof, or the security intended to be afforded by this Security Agreement.

5. The respective owners of the Collateral will maintain, preserve and keep the Collateral, and every part thereof, in good repair and condition and from time to time will promptly make needful and proper repairs, replacements, renewals, additions, and betterments which may be required by reason of use, wear, obsolescence, damage or destruction, however caused, to the ends that the value of the Collateral shall be preserved and that the efficiency of the operation of the premises shall not be impaired. All after-acquired property covered hereby and all additions or replacements acquired pursuant to the provisions of this paragraph shall immediately be and become, without any other act, conveyance or mortgage on the part of the respective owners, subject to the security interest and lien of this Security Agreement, which shall be prior to any other security interest or lien on such addition or replacement.

6. The respective owners of the Collateral shall keep the Collateral insured against loss or damage as may reasonably be required by the Commission.

7. The respective owners of the Collateral will permit the Commission and its agents and representatives to inspect the Collateral at any reasonable time from time to time during the term of this Security Agreement.

8. On the failure of Tower to do the following acts or upon any event of default, the Commission may, at its option, purchase, discharge, compromise or settle any taxes, liens, or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral, and may pay for the maintenance and preservation of the Collateral or perform any other act herein required of the respective owners in any form and manner deemed expedient by it. Tower agrees to reimburse the Commission on demand for any payment made, or any expense incurred, by the Commission pursuant to the foregoing authorization.

9. An "Event of Default" shall mean the happening of any of the following events or conditions: (a) failure or omission to pay when due any obligation (or any installment thereof or interest thereof) or default in the payment or performance of any obligation, agreement, or liability contained or referred to herein; (b) any warranty, representation, or statement made or furnished to the Commission by or on behalf of Tower proves to have been false in any material respect when made or furnished; (c) Tower makes an assignment for the benefit of creditors, or any proceeding is instituted by or against Tower alleging that Tower is insolvent or unable to pay debts as they mature; (d) dissolution, merger or consolidation, or transfer of a substantial part of the property of Tower; or (e) appointment of a receiver, trustee, custodian or similar official for the Collateral or any part thereof or for any property in which Tower has an interest, or the institution by or against Tower of any kind of insolvency proceeding or any proceeding for the dissolution or liquidation of Tower. Upon the occurrence of any event of default, the Commission may, at its option, declare any or all Obligations secured hereby immediately due and payable together with interest thereon upon written demand.

10. After any event of default, the Commission shall have and may exercise from time to time any and all rights and remedies of a Secured Party under the Uniform Commercial Code as from time to time in effect in Pennsylvania and any and all rights and remedies available to it under any other applicable law and any additional rights granted herein and under any other agreement now or hereafter in effect between Tower and the Commission. After any event of default, (a) the Commission shall have the right at its option to take immediate and exclusive possession and control of the Collateral or any part thereof and the Commission may enter upon the premises, with or without judicial process, to take possession and control of the collateral and, at its option, remove the same from the premises and Tower hereby waives its right to assert against the Commission or its agents any claim based upon trespass or any similar cause of action for entering upon any premises where the Collateral may be located; (b) upon the Commission's request or demand, Tower shall assemble the Collateral and make that Collateral available to the Commission at a convenient place acceptable to the Commission. The Commission shall be entitled to hold, maintain and preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral pursuant to applicable law. Tower shall promptly pay all costs of the Commission of collection of any and all the obligations, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expenses and expenses of any repairs to any of the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Commission will give the respective owners of the Collateral reasonable

notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to Tower at the address of Tower shown on the records of the Commission or to any other address which Tower specifies in writing to the Commission as the address to which notices shall be given to Tower, at least ten (10) days before the time of the sale or disposition. Tower shall pay all costs and expenses incurred by the Commission in enforcing this Security Agreement, realizing upon any Collateral and collecting any indebtedness (whether incurred in connection with collection, trial or appeal) . Expenses of retaining, holding, preparing for sale, selling or the like, shall include reasonable attorneys' fees for the Commission's time. Upon disposition of any Collateral after the occurrence of any default hereunder, Tower shall be and remain liable for any deficiency, and the Commission shall account to Tower for any surplus, but the Commission shall have the right to apply all or any part of such surplus (or to hold the same as a reserve against) all or any of the obligations, whether or not they, or any of them, be then due, and in such order of application as the Commission may from time to time elect.

11. All notices, demands and requests hereunder shall be in writing and shall be deemed to have been properly given if sent or delivered to Tower by first class mail at the address of Tower shown on the records of the Commission or to any other address which Tower specifies in writing to the Commission as the address to which notices shall be given.

12. The terms used to designate any of the parties herein shall be deemed to include their respective successors and assigns. All obligations, representations, warranties, covenants, powers and rights herein contained shall be binding upon, and shall inure to the benefit of, the owners of the Collateral, Tower, and the Commission and their respective legal representatives, heirs, executors, administrators, successors and assigns.

13. No waiver by the Commission of any default shall operate as a waiver of any other default or of the same default on a future occasion. No delay or omission on the part of the Commission in exercising any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Commission of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. All rights and remedies of the Commission hereunder shall be cumulative and shall be in addition to any other right and remedy given hereunder or now or hereafter existing at law or in equity or by statute. Time is of the essence of this agreement. The singular pronoun, when used herein, shall include the plural; if this agreement is not dated when executed by Tower the Commission is authorized, without notice to Tower, to date this agreement.

14. The respective owners of the Collateral, at their cost and expense, will protect and defend the Collateral against all claims therein or thereto, or to any part thereof, or any interest therein.

15. Upon any event of default, Tower appoints the Commission as its attorney-in-fact to perform all acts which the Commission deems appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to indorse and transfer all or any part of the Collateral.

16. The respective owners of the Collateral will join with the Commission in executing such financing statements, continuation statements, partial releases, termination statements, and other documents as the Commission may deem necessary or appropriate, pursuant to the Uniform Commercial Code as from time to time in effect in Pennsylvania, in a form satisfactory to the Commission, and Tower will pay all costs and expenses of filing the same or filing or recording this Security Agreement in all public offices and of all searches of records, wherever filing or recording or searching of records is reasonably deemed by the Commission to be necessary or desirable, and take such other action as the Commission may deem advisable to perfect the Security Interest created by this Agreement.

17. If any of the Collateral shall be destroyed or damaged by fire or damaged or destroyed by any other cause, all insurance proceeds of such Collateral shall be applied by Tower to restore the Collateral to substantially its former state (whether or not sufficient insurance proceeds are available), commencing such restoration within ninety (90) days of its damage or destruction and proceeding diligently with it until completion.

18. If any term, covenant, restriction or provision of this Security Agreement is determined to be void, invalid, or unenforceable, the remainder of the terms, covenants, restrictions or provisions of this Security Agreement shall remain in full force and effect and shall in no way be affected, impaired or restricted, and this Security Agreement shall be enforceable to the fullest extent permitted by applicable law.

19. This Agreement may not be modified or amended nor shall any provision of it be waived except by a writing signed by Tower and by an authorized representative of the Commission.

20. This Security Agreement shall be governed by and construed under the laws of the State of Pennsylvania.

21. The duties and obligations of Tower under this Security Agreement shall terminate when the payments to be made under Section I.B of the Consent Decree are completed.

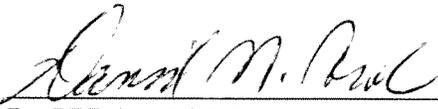
22. This grant of a security interest by Tower is made solely to secure the prompt and timely performance by Tower of all its obligations to the Commission and upon the full performance of all the obligations of Tower, all right, title and interest of the Secured Party under or pursuant to this Security Agreement shall automatically terminate and be of no further force or effect, and the Commission thereafter shall have no further right, title or interest in the Collateral described herein. Unless and until Tower has defaulted in the performance of its obligations to the Commission,

Tower shall be entitled to retain possession of the Collateral and to use such Collateral in the ordinary course of business.

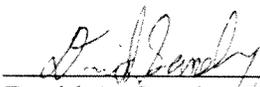
IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date and year first above written.

FEDERAL TRADE COMMISSION:

By:   
EILEEN HARRINGTON  
Associate Director  
Division of Marketing Practices

  
DAVID M. TOROK  
Attorney  
Division of Marketing Practices

TOWER CLEANING SYSTEMS, INC.

By:   
David A. Gansky, President  
Tower Cleaning Systems